

## **Stormwater Utilities and Fees**

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### **STORMWATER UTILITY PILOT PROJECT, DEP S.319 GRANT, 1998-1999**

#### **PROJECT PURPOSE**

Stormwater utilities are proven effective mechanisms for generating revenue to manage stormwater. Just like electric or water utilities, stormwater utilities collect fees from residents to pay for a 'product'. Stormwater utilities are different from the other more established utilities as the 'product' being paid for is not something concrete and measurable like water or electricity. The product paid for by stormwater utilities is stormwater management. Stormwater management is an increasingly important government function, designed to control or eliminate water pollution, erosion and flooding. The purpose of this project was to examine the feasibility of creating a stormwater utility in Massachusetts.

The project consisted of four steps:

1. secondary research of successful stormwater utilities across the country
2. research into the legality of stormwater utilities in Massachusetts
3. design and implementation of a stormwater utility (Stormwater Management Program) in Chicopee, Massachusetts
4. technology transfer

This project has proved the viability of stormwater utilities in Massachusetts and has collected all the information and materials necessary for a Massachusetts community to create a stormwater utility.

#### **PROJECT PROCESS**

This project was supported through a contract between the Massachusetts Department of Environmental Protection (DEP) and the City of Chicopee. The City of Chicopee hired the Pioneer Valley Planning Commission (PVPC) to facilitate project implementation, including organizing and staffing the Advisory Committee, overseeing and producing all public information and education materials, assuring completion of legal research and work products, researching how and why stormwater utilities are created and managed in other communities across the United States, and facilitating technology transfer through presentations on the project, development of the "How To" kit and production of this Final Report.

## KEY FINDINGS

### 1) Secondary Research

Stormwater utilities have been in existence in cities and towns across the United States for nineteen years. Existing utilities successfully generate funds to manage stormwater thereby helping government officials control flooding and its effects and assure community water quality. Research for this project was collected on the following ten communities: Fort Collins, CO; Bellevue, WA; Austin, TX; Charleston, SC; Hillsboro, CA; Los Angeles, CA; Aurora, CO; Boca Raton, FL; Tacoma, WA; Cincinnati, OH, and is summarized in the 5 briefing papers included in the "How To" kit.

- In establishing a stormwater utility, the approach one takes to assess fees to property owners is a very important component of the utility.
- Community outreach and involvement are essential components of successful stormwater utility programs. Ongoing education of community residents is essential.
- It is not necessary to develop the perfect stormwater utility at the start of one's community efforts to manage stormwater. Most stormwater utilities have changed over time, including modifications to the assessment method.
- It is important to build in a plan to change residents' behavior. Most stormwater utilities are perceived not only as a means of generating revenue for stormwater management, but also as a means of educating people about the problem of stormwater management and providing residents with information on what they can do to mitigate the problem, with the hope of changing their behavior.

### 2) Legal Issues

- Stormwater utilities are not prohibited under existing Massachusetts law.
- A municipal or regional stormwater utility ordinance would facilitate implementation and administration of a stormwater management program.
- State enabling legislation would help to support municipal stormwater utility programs.

### 3) Demonstration Project

- The City of Chicopee adopted a stormwater fee which is anticipated to generate \$500,000 annually for stormwater management efforts.
- Stormwater utilities can work in Massachusetts as evidenced by the success of Chicopee's stormwater management program.
- Community involvement is vital to the success of a stormwater management program. Chicopee received few complaints about the fee and the Department of Public Works staff attribute their success to the groundwork laid in educating and involving people in the process of program planning, especially DPW staff efforts with business leaders, but also with the general public.
- A comprehensive stormwater management ordinance is useful to organize and educate all segments of the community in support of stormwater management. The fee structure must be rational and there must be a correlation between the residential fee and the non-residential fee. Ideally, the assessment should relate to users contribution to the problem as measured by property owner's impervious surface and considering on-site stormwater best management practices.
- Billing is very complicated and can be surprisingly expensive. The appropriate billing process should be well thought out before the program is implemented.
- A multi-disciplinary Advisory Committee is essential to the success of a municipal stormwater management program.
- Education and community outreach and involvement must be ongoing.

Pending state and national water quality initiatives, such as the National Pollution Discharge Elimination System (NPDES) Phase II regulations, will make stormwater utilities even more attractive in Massachusetts as municipalities with populations less than 100,000 will be required to obtain permits for their stormwater discharges

### 4) Technology Transfer

Because this project is the first of its kind in the Commonwealth, an essential product was a series of presentations on the project and the production of a "How to Create a Stormwater Utility" kit. The "How To" kit includes: 1) A summary of Project Research, 2) A Step by Step Stormwater Utility Development Process, 3) The Legal Foundation, and 4) Sample education materials. A limited number of these kits are available from the Pioneer Valley Planning Commission and/or the Department of Environmental Protection.

## RECOMMENDATIONS

- Massachusetts communities can create stormwater utilities to provide a stable source of funding for stormwater management, however passage of municipal stormwater management ordinances is essential to the success of local stormwater utility efforts-to lay the legal foundation, but also to assure broad-based community support.
- State enabling legislation to support municipal stormwater utilities should be pursued by a state-wide advocacy group, as such legislation will facilitate municipal efforts to develop stormwater utilities.

## STORMWATER UTILITY DEVELOPMENT PROCESS

While it must be dearly understood that the City of Chicopee did not establish a stormwater utility as a result of this project, the City did pass an ordinance to collect fees from residents specifically for the purpose of managing stormwater. Combining the research conducted as part of this project, summarized in the "How To" kit, with the practical experience of the City of Chicopee suggests the following steps to develop a stormwater utility program.

### Step by Step Guide:

1. **Problem Definition** - Define the scope of your community's stormwater management problem: flooding, erosion, water quality, etc.
2. **Research** - Research existing utilities to identify key issues-we have done that, so you don't have to! (see summary of research in briefing papers and graphical summaries-in "How To" kit).

3. **Community Outreach & Public Involvement I** - Begin the ongoing process of community outreach and involvement- e.g. press releases, educational brochures, public meetings. (See samples in –“How To” kit”).
4. **Program Development 1-** Develop a stormwater management program, elaborate a budget, and determine where the program will be housed and how it will function, including consideration of billing processes. (See sample program from Chicopee in "How To" kit).
5. **Collaboration I** - Form an Advisory Committee-assure a broad range of participants, and be sure to have representatives from all city/town departments: public works, water, sewer, planning, community development, engineering, legal, etc.; area businesses; Chamber of Commerce; advocacy/environmental groups; regional planning agency; state environmental protection agency; legal assistance; elected officials etc.
6. **Community Outreach & Public Involvement II** - Continue ongoing community outreach and public involvement.
7. **Collaboration 11-** Work with key elected officials, department heads, community leaders, environmental groups and other concerned residents to initiate the process of passing a comprehensive stormwater management ordinance.
8. **Program Development II (Refinement)** - based on a cost/benefit analysis of different methods available and emphasizing your community's priorities and values, select an assessment method, set rates, etc. (See Cost/Benefit Report in "How To" kit).
9. **Legal/Political Foundation** - Adopt stormwater management ordinance. (See Model Ordinance in "How To" kit).
10. **Program Implementation** - start billing property owners, collecting funds and more effectively managing stormwater.
11. **Community Outreach & Public Involvement III** - Ongoing community education-tell people what you are doing with the funds collected and how they can help.
12. **Program Development III** - Program evaluation and ongoing refinement. Many utilities modify their fee structure over time.

Research of existing stormwater utilities across the country suggests the following essential components of a stormwater utility:

- Legal Foundation-Stormwater Management Ordinance
- Community Outreach & Public Involvement
- Management Program
- Assessment Process
- Rate Setting Process

As evidenced by the difference between the over one-hundred and fifty existing stormwater utilities across the country<sup>1</sup>, there is significant room for variation in the way that a municipality structures its stormwater utility. The key to a successful program is involving the appropriate people in program development, including passage of a comprehensive stormwater management ordinance. Depending on the community's values, municipal staff will need to make choices about the specific stormwater utility structure, i.e. the assessment method used and how the rates are set. Following the twelve-step process described previously, taking advantage of the research summarized as part of this project (using information in the “How To” kit), and assuring inclusion of the above five components, will assure a sound stormwater management program.

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**Proper stormwater management practices are necessary for the maintenance of a high standard of living as well as for the protection of people, property, and the natural environment.**

David S. Pyzoha

Implementing a Stormwater Management Program, 1194

<sup>1</sup>Black & Veatch Stormwater Utility Survey – 1998-1999

**The user charge and the utility concept are the most dependable and equitable approaches available to local governments for financing stormwater management.**

APWA from Urban Storm water Management, 1991